



2022-23 FIRST INTERIM REPORT

PRESENTED TO THE BOARD OF TRUSTEES ON

DECEMBER 13, 2022

Key Budget Information for 2022-23 First Interim

- Recommended Certification Status: **Positive**
- Enrollment as of 10/31/2022: Reported enrollment to be **769** as of Census day, October 5th.
- Projected Average Daily Attendance (ADA) as of 10/31/2022 was 709.88. The calculated ADA to enrollment percentage for the District is **92.31%**. Staff is projecting a decrease in LCFF revenue due to the decline in enrollment and lower than projected ADA from adopted Budget.
- \$950,000 of Basic Aid Supplemental (BAS) funding has been budgeted. The anticipated amount of BAS will increase before the end of the year once it is received.
- Property Taxes are anticipated to increase despite the current economic condition
- Increased expenditures tied to Salaries and Benefit costs
- Deficit spending is projected to be **-\$1,357,834**
- Ending Fund Balance = \$7,162,992
- District Reserve assignments remains whole, Unassigned Balance = \$1,186,105

AVERAGE DAILY ATTENDANCE & ENROLLMENT

Cohort Projected Enrollment & ADA								
2022-23 as of 10/31/2022			2023-24			2024-25		
Grade Level	Enrollment	ADA	Grade Level	Enrollment	ADA	Grade Level	Enrollment	ADA
TK	35	26.25	TK	48	36.00	TK	51	38.25
K	74	67.15	K	77	69.30	K	80	72.00
1	81	73.05	1	74	68.82	1	77	71.61
2	72	67.60	2	81	75.33	2	74	68.82
3	73	67.34	3	72	66.96	3	81	75.33
4	81	75.82	4	73	67.89	4	72	66.96
5	73	68.84	5	81	75.33	5	73	67.89
6	86	81.09	6	89	82.77	6	89	82.77
7	92	84.62	7	90	83.70	7	90	83.70
8	<u>99</u>	<u>91.69</u>	8	<u>91</u>	<u>84.63</u>	8	<u>91</u>	<u>84.63</u>
NPS/COE	<u>3</u>	<u>2.85</u>	NPS/COE	<u>3</u>	<u>2.85</u>	NPS/COE	<u>2</u>	<u>1.90</u>
	769	703.45		779	713.58		780	711.96

Enrollment and ADA at the close of the 1st Interim Period, 10/31/2022:

Enrollment = **769**. 12 student decline since adopted budget projections

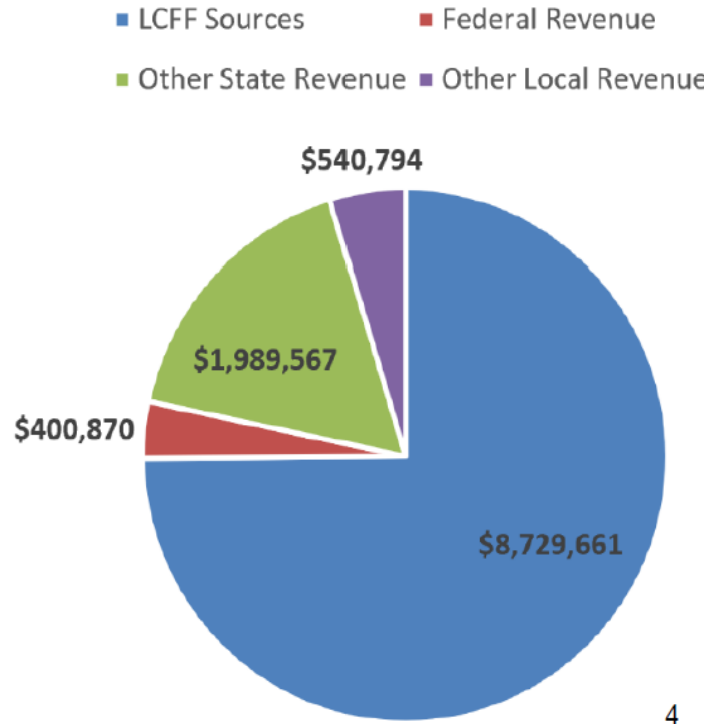
ADA is estimated at **709.88** (44.12 district, 665.76 charter)

The estimate Enrollment/ADA percentage used in the budget is **92.31%**.

Unduplicated Pupil Percentage used for Title funding and our supplemental calculation is estimated at **35.92% for Charter** students and **29.08% for District** students. Funded percentage follows West County High School Unified School District at **38.49%**.

2022-23 1st Interim Projected General Fund Revenue

Revenue by Object	Dollars per ADA	Total Amount
LCFF Sources	\$ 12,297	\$ 8,729,661
Federal Revenue	\$ 565	\$ 400,870
Other State Revenue	\$ 2,803	\$ 1,989,567
Other Local Revenue	\$ 762	\$ 540,794
Total Revenue	\$ 16,427	\$ 11,660,892
Transfers In & Other Sources	\$ -	\$ -
Total Resources	\$ 16,427	\$ 11,660,892



- LCFF Sources include state revenue generated from ADA, Education Protection Account, Property Taxes, and Basic Aid Supplemental
- Federal Revenues include ESSER II & III funding, GEER II funding, Title I, II & IV Funding, and Funding for Special Education
- Other State Revenues include Lottery Monies, Mandated Block Grant, In-Person Instruction Grant, Extended Learning Opportunities Grant, Extended Learning Opportunities Program, Educator Effectiveness Block Grant, Special Education Early Intervention Preschool Grant, and the Special Education Learning Recovery Grant, Learning Recovery Emergency Block Grant, Arts Music & Instructional Materials Block Grant, and Kitchen Infrastructure and Training Grant
- Other Local Revenues includes GPA donations, RESIG safety dollars, field trip donations, SELPA special education transfers, and interest

- Overall Revenue is up \$1,198,112 since adopted budget, but has dropped **-\$100,233** since the 45-Day revise. This is due in large part, from lower than anticipated enrollment & projected ADA numbers. ADA declines equate to roughly **-\$285,000**.
- Property taxes are anticipated to increase, but will be offset by declines in revenue generated by ADA.
- The full amount of Basic Aid Supplemental will not be recognized until it is received. Under the direction of the Sonoma County Office of Education, the District should continue to recognize this funding as on-time and should use the funding on one-time purposes. For these reasons, only a portion of the funding is budgeted until it has been received.

COLA

The projected Cost of Living Adjustments estimates are provided by School Services of California. Current year LCFF revenue is based on a **6.56%** COLA + 6.70% Augmentation to the base = **13.26%** effective COLA for 2022-23. COLA increase are based on the average of 8 quarters.

Current COLA represents:

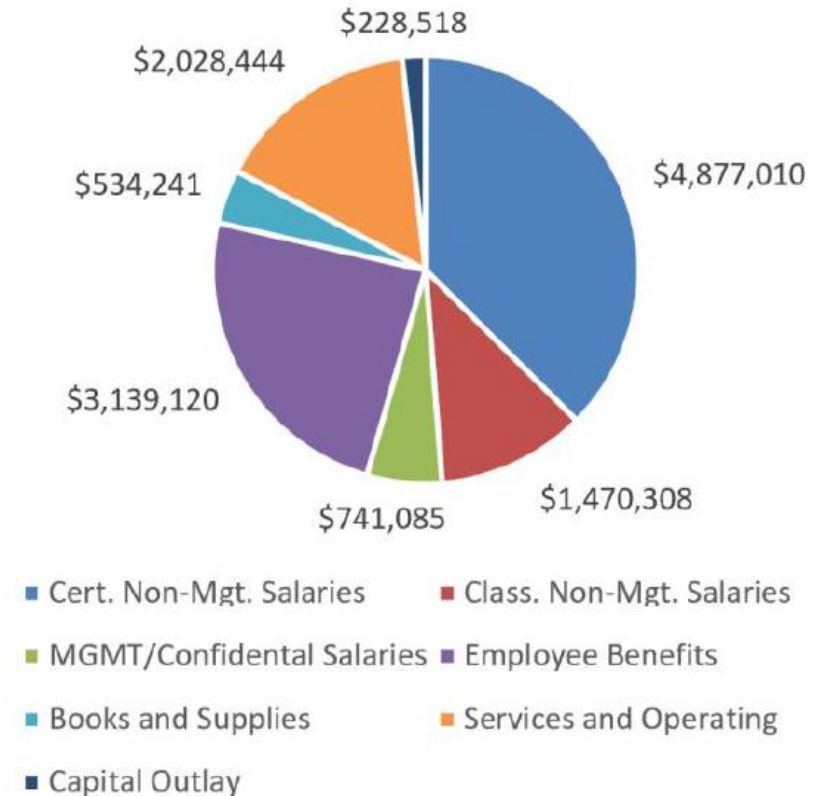
- 2022-23 statutory COLA of 6.56 %
- Augmentation to the calculated base of 6.70%

Future years represent estimates and are subject to change. While an increased COLA is welcomed, it does not outpace the loss in revenue from declining enrollment.

	2022-23	2023-24	2024-25
	1st Interim	Year 2 - Projection	Year 3 - Projection
COLAs Applied	6.56%	5.38%	4.07%
Augmentation	6.70%	0.00%	0.00%

2022-23 1st Interim Projected General Fund Expenditures

Expenditures by Object	Dollars per ADA	Total Amount
Cert. Non-Mgt. Salaries	\$ 6,870	\$ 4,877,010
Class. Non-Mgt. Salaries	\$ 2,071	\$ 1,470,308
MGMT/Confidential Salaries	\$ 1,044	\$ 741,085
Employee Benefits	\$ 4,422	\$ 3,139,120
Books and Supplies	\$ 753	\$ 534,241
Services and Operating	\$ 2,857	\$ 2,028,444
Capital Outlay	\$ 322	\$ 228,518
Other Outgo	\$ -	\$ -
Total Expenditures	\$ 18,339	13,018,726
Transfers Out and Other	\$ -	-
Total Uses/Expenses	\$ 18,339	\$ 13,018,726



- Overall Expenditures are up \$469,783 since the adopted budget.
- Salary & Benefits categories have been updated to reflect position control. Unexpected savings in these categories are due to longer than expected vacancies.
- Increases in books, material and services/other operating expenses represent the offset for the additional grant funding from the state. Meaning, as we receive additional grant funding, more corresponding expenses will accrue.

TRANSFERS IN/OUT

- No Transfers IN/OUT are planned for the current or projection years.

- Contributions to restricted programs and charter schools
 - Gravenstein Elementary Charter School - \$1,330,000
 - Hillcrest Middle School Charter Fund – \$1,120,000
 - Routine Restricted Maintenance - \$407,000
 - Special Education - \$315,000
 - Field Trips - \$131,500
 - Deferred Maintenance - \$110,000

DEFICIT SPENDING

Deficit spending is projected in all three years:

2021/22	\$(1,357,834)
2022/23	\$(2,053,609)
2023/24	\$(1,849,585)

Deficit spending is caused by:

1. Ongoing contributions to support ongoing deficit spending at Gravenstein Elementary School Charter (\$1,330,000), Hillcrest Middle School Charter (\$1,120,000)

2. COLA not keeping up with the increases in STRS & PERS:

<u>STRS rates%</u>	<u>Yearly Increase</u>	<u>PERS Rates %</u>	<u>Yearly Increase</u>
2022-23 is 19.10 %	\$165,800	2022-23 is 25.37 %	\$ 75,500
2023-24 projected at 19.10 %	\$ 65,600	2023-24 projected at 25.20 %	\$ 12,500
2024-25 projected at 19.10 %	\$ 25,150	2024-25 projected at 24.60 %	\$ 6,150

3. Additional Certificated staff time supporting the Enrich! program for all District students

RESERVE ASSIGNMENTS FOR FISCAL STABILITY

	Year 1 -- 1st Interim -- 2022-23	Year 2 -- Projection -- 2023-24	Year 3 -- Projection -- 2024-25
Fund Balance			
Beginning Balance	8,520,826	7,162,992	5,109,383
Audit Adjustment(s)			
Net Ending Balance	7,162,992	5,109,383	3,259,799
Components of Ending Balance:			
Revolving Cash (nonspendable)	5,000	5,000	5,000
Restricted: Prepaid Expenditures	-	-	-
Restricted	1,241,138	1,065,316	902,880
Textbook Adoptions Multi Year	350,000	-	-
Facilities Master Plan Approved Projects	250,000	-	-
STRS & PERS Increases 2 Years	110,000	-	-
Reserve for Enrichments 5 Years	1,500,000	1,485,000	-
Lesser of 2 M or 30% Rainy Day Reserve	2,000,000	2,000,000	1,800,000
Reserve for Econ.Uncert. (unassigned)	520,749	540,684	543,273
<i>Unassigned/Unappropriated Amount</i> Required to be Positive	1,186,105	13,383	8,646
Net Ending Balance	7,162,992	5,109,383	3,259,799

Positive Certification is Recommended

ADDITIONAL NOTES

Other Notes

Economic Condition

While State General Fund revenues are projected for 2022-23 to continue to be at an all-time high, this is in part due to the retrospective naturing of funding for Local Educational Agency's (LEAs) under Proposition 98. Proposition 98 funding for the current period is below the expectations set at the Governor's adopted budget in large part to personal income and sales and use taxes performing below projections for the year. The Legislative Analyst Office's 2023-24 Budget outlook details a looming downturn in revenue creating a state budget deficit for the outgoing years driven in large part by persistently high inflation. Spending on education represents 40% of the State's budget, and thus LEAs should expect lower COLA projections in the out years of their multi-year projections.

Negotiations

During the time the District was creating the 1st Interim Report, the District was in active negotiations with the Classified bargaining unit GUCE. At the time of the presentation of this document to the Board of Education, the District and the Association came to a Tentative Agreement. All financial information presented in this report does not include any aspects of the Tentative Agreement, specifically concerning increases to salaries or benefits.



Questions?